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**RECOGNIZING, AWARDING, AND
APPRAISING PEOPLE IN A
TOTAL QUALITY LEADERSHIP
ORGANIZATION:**

**THE NAVAL AVIATION SUPPLY
OFFICE MODEL**

By Michael A. White and Amy L. Culbertson

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ABOUT THE TOTAL QUALITY LEADERSHIP (TQL) OFFICE

The TQL Office is part of the Office of the Under Secretary of the Navy. Its mission is to provide technical guidance to the Department of the Navy Executive Steering Group (ESG) and to the Department of the Navy Review Commission (DONRC). The TQL Office handles responsibilities in five key areas: TQL education and training, networking, program management, TQL consultation, and publications.

TQL Education and Training

The TQL Office has worked closely with the Chief of Naval Education and Training (CNET) in developing and implementing a DON TQL curriculum that is built upon a train-the-trainer strategy. Currently five DON TQL courses are being offered at two DON TQL schoolhouses at Little Creek, VA, and Coronado, CA, and at other selected sites. The Senior Leaders Seminar (SLS), developed by the TQL Office, is offered as well to top military and civilian leaders. The TQL Office continues to be responsible for the management, update, and evaluation of the TQL curriculum to ensure its technical accuracy and standardization.

Networking

The TQL Office recently established a DON networking group in Washington, DC, that meets monthly to share information about process improvement efforts. Recently, in conjunction with the National Aeronautics and Space Administration and with the Internal Revenue Service, the TQL Office financed a one-time initiation fee required to join the International Benchmarking Clearinghouse (IBC) established by the American Productivity and Quality Center. As a result of this funding, all federal agencies may now participate in the services without paying individual initiation fees.

Program Management

The TQL Office evaluates nominee packages for productivity and quality awards that are given by the DON and by other government organizations. It also manages projects funded to develop TQL-related tools and products for DON activities to use in their implementation efforts.

TQL Consultation

In addition to providing technical advice and guidance to the ESC and DONRC, TQL Office staff also serve as consultants and facilitators to selected leadership groups undertaking strategic planning.

Publications

The TQL Office publishes the *TQL Leader*, a newsletter that reports on DON policy changes, presents case studies, and offers technical advice on quality issues. It also publishes other materials, such as this Primer. The intent of publications such as this is to clarify what TQL is and how it works within DON organizations. We hope this report serves you well.

LINDA M. DOHERTY
Director, Total Quality Leadership Office
Office of the Under Secretary of the Navy

ABOUT THE NAVAL AVIATION SUPPLY OFFICE (ASO)



The ASO is a Department of the Navy organization that serves the Navy and Marine Corps by providing aviation material and weapons systems support. ASO's mission is to plan, develop, employ, and control systems that provide worldwide material support to naval aviation. The ASO is located in Philadelphia, PA and has approximately 2,500 employees. The majority of the ASO work force is civilian, and has been there for at least five years. The ASO is the 1993 Navy nominee for the Presidential Award for Quality, sponsored by the Federal Quality Institute.

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**RECOGNIZING, AWARDING, AND APPRAISING PEOPLE
IN A TOTAL QUALITY LEADERSHIP ORGANIZATION:
THE NAVAL AVIATION SUPPLY OFFICE MODEL**

By Michael A. White and Amy L. Culbertson*

**Navy Personnel Research & Development Center
Organizational Systems Department
San Diego, CA 92152-6800**

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OVERVIEW

Background

DON leaders recognize that there are inconsistencies between TQL principles and the typical way Naval organizations recognize, award, and appraise their people. They desire information on alternative approaches that are consistent with TQL and that meet current personnel regulations. Addressing this need, the TQL Office tasked the Navy Personnel Research and Development Center to prepare this Primer for DON leaders.

***We've established
a super tradition
of saying "Thanks"
at ASO that's
becoming a model
for the Navy,
DoD, the Federal
Government, and
industry.***

RADM James Davidson
ASO Commanding Officer

The Primer is based on the experiences of the Naval Aviation Supply Office (ASO), a provider of aviation material and weapons systems support to the Navy and Marine Corps. Aspects of the innovative systems described here can apply to all Naval organizations, civilian and military alike. In particular, the ASO's non-monetary recognition system is relevant for both civilian and military personnel.

The information presented here was gathered from a variety of sources, including interviews conducted with 39 ASO non-supervisory, supervisory, and managerial employees, along with a review of briefings, training packages, and other documentation at ASO. A survey was also administered to a stratified sample of several hundred ASO employees to gather data on attitudes about ASO's new systems.

This Primer describes three personnel management systems developed and implemented at ASO over the past several years. These three systems are referred to as ASO's non-monetary recognition system, monetary awards system, and performance appraisal system.

This document is not meant to be prescriptive, but is a description of the ideas and approaches that one organization used to recognize and reward their employees. It is intended to stimulate thinking on different ways to recognized and reward people within existing regulations.

OVERVIEW

ASO's Non-monetary Recognition System

ASO's non-monetary recognition system is probably the most innovative in the DON. This system involves a number of non-monetary forms of recognition that can be awarded by team members and other ASO employees to individuals and groups. Those receiving recognition may get a certificate of appreciation, applause from those giving recognition, a photograph of the ceremony, and other gifts of nominal value. People at ASO are very enthusiastic about this recognition system. Those who would usually not be recognized at all, now can receive recognition from peers, supervisors, and the command for a job well done. ASO's recognition system is designed to encourage teamwork, the identification of customers and suppliers, and empowerment of the work force, one of ASO's corporate strategies.

ASO's Monetary Awards System

ASO also redesigned its monetary awards system to support their strategic plan and TQL. The awards system is an annual monetary organization-wide award that is linked to the achievement of corporate strategies and an acceptable individual performance appraisal rating. This system was designed to support TQL by encouraging teamwork and cooperation. People see the award as a step in the right direction. In the past, most people received no monetary award at all; now those not receiving awards are the exception.

ASO's Performance Appraisal System

Lastly, ASO refined their performance appraisal system to emphasize a new way of doing business in a TQL environment. The performance appraisal system is designed to promote teamwork, TQL, and the command's strategic plan. The system links performance goals from one level of the organization to another, and emphasizes performance elements that are consistent with TQL. The performance appraisal system is widely accepted by top-level managers at the ASO. These managers report that the performance appraisal approach promotes teamwork, cooperation, and is far better than the old system.

ASO Corporate Strategies

Empowerment of ASO workforce

Transforming ASO processes and information systems

Converting customer requirements into customer support

Integrating and networking aviation data

Developing innovative support techniques with quality vendors

Building operating affordability

OVERVIEW

The ASO has taken the first step in developing a similar system for non-managers. Although not as comprehensive as the General Manager (GM) system, non-managers have a work plan element that emphasizes customer satisfaction and process improvements. In addition, other work plan elements are tied to manager's performance objectives, which link to the ASO strategic plan.

How to Use this Primer

***This system
would work well
in other Navy
organizations.***

Carol Annucci
ASO Non-supervisory
Employee

This primer was developed to address DON leaders' needs for new ways to manage people in TQL organizations. The ASO serves as a model for other organizations wishing to modify their personnel management systems to support TQL. This primer not only summarizes the innovative ASO systems, but it also critiques these systems, highlighting pros and cons of each, and provides recommendations based on the ASO experience. It is suggested that you use this information as a springboard for developing novel personnel management systems that support TQL in your organization.

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NON-MONETARY RECOGNITION*

What we're trying to accomplish through TQL involves working together; the old system didn't help us do that.

RADM James Eckelberger
Former ASO Commanding
Officer

Why did ASO develop a new recognition system?

In implementing TQL, the ASO needed new systems to support people's efforts to work as a team, focus on process improvement, and improve customer and supplier relations. This new way of doing business was guided by ASO's Strategic Plan, which emphasizes, among other goals, the empowerment of the ASO work force (see Appendix A). To address this strategic goal, ASO implemented what is probably the most noteworthy and innovative of all changes, its non-monetary recognition system.

How did ASO develop this new system?

Like many Department of the Navy (DON) organizations, one of the first issues that the ASO Executive Steering Committee (ESC) dealt with was internal processes to improve the command. ASO's ESC chartered a Personnel Policies Quality Management Board (QMB), which subsequently chartered a Recognition Systems Process Action Team (PAT) to address how to better recognize and award ASO employees in a TQL environment.

The Recognition Systems PAT reviewed ASO's current procedures for both monetary and non-monetary recognition and awards. They also collected information on what other DON activities were doing in the way of recognizing and awarding their employees. The Recognition Systems PAT concluded that DON organizations can develop alternative systems to recognize people that are compatible with both TQL and existing regulations (as described in part 430 of the code of Federal Regulations.) The PAT, working with the commanding officer, the ESC, and the Personnel Policies QMB, made a series of recommendations regarding a new system of recognition. These recommendations served as the basis for ASO's non-monetary recognition system.

*This Primer does not replace OPM, OCPM, or other personnel regulations. Local policies should be reviewed before any modification in the appraisal system or other personnel system is made.

NON-MONETARY RECOGNITION

What is ASO's recognition system all about?

The ASO developed a novel approach to recognition that offers the greatest opportunity for people at all levels of the organization to recognize others. ASO's recognition system has multiple components, allowing for flexibility in terms of recognition, along with organization-wide events to encourage teamwork and a customer-oriented organization.

Components of ASO's Recognition System

Thanks! You Made a Difference! co-worker recognition

Good Work! You Made Our Job Easier! supervisor recognition

The Unsung Hero Award recognition

Semi-annual Group/Team Recognition for satisfying internal customers/suppliers

Semi-annual Recognition Day ceremony

ASO Recognition Store gift certificates

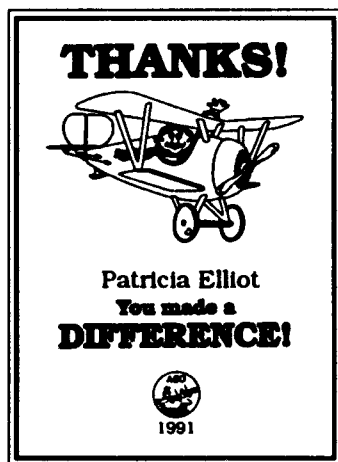
ASO Recognition Lottery

ASO Hall of Fame

What is the Thanks! You Made a Difference! co-worker recognition?

The first component of the ASO system is co-worker recognition. The *Thanks! You Made a Difference!* recognition is one of the most frequent forms of recognition at the ASO. This type of recognition goes to people who have gone the extra mile to help others at ASO, contributed to ASO's mission, helped a team accomplish tasks, or been creative in finding solutions to problems. The *Thanks! You Made a Difference!* recognition can be given by any individual or group of employees to another employee: No supervisory approval is required.

This type of recognition is presented by the group of givers to the employee in his/her work area. The employee being recognized receives a standing ovation by the group, a certificate commending his/her performance, a cluster of helium balloons, a photograph of the event, an *ASO Recognition Store* gift certificate, and a ticket for the *ASO Recognition Lottery*. The ASO

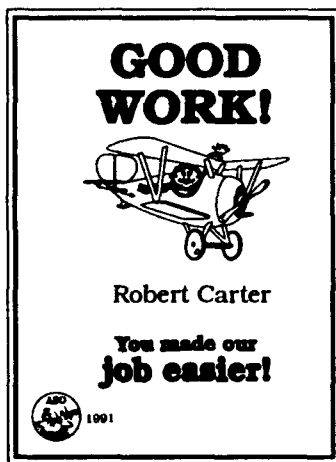


Recognition Certificate

NON-MONETARY RECOGNITION

People see the "You Made a Difference" award as a kind of badge of courage.

LCDR Loren Heckelman
ASO Manager



Recognition Certificate

Recognition Store contains a variety of gifts with the ASO logo, and winners of the ASO lottery qualify for additional forms of recognition (e.g., reserved parking spaces, lunch with the CO).

The *Thanks! You Made a Difference!* recognition is a frequently used component of the recognition system. Seventy-one percent of supervisors, 60% of non-supervisors, and 51% of managers surveyed at ASO report receiving this form of recognition during the last year. Seventy-seven percent of those surveyed report that they want this form of recognition to continue.

What is *Good Work! You Made Our Job Easier!* supervisor recognition?

The second component of ASO's system is supervisor-to-employee recognition. Supervisors may recognize their staff members on an individual or group basis. In keeping with the command's efforts to foster teamwork and cooperation, emphasis is placed on recognizing teams and groups.

A supervisor may issue a *Good Work! You Made Our Job Easier!* certificate whenever individuals or groups perform a task in an exceptional manner, are creative or innovative, or use TQL methods to improve a process. All those recognized also receive an *ASO Recognition Store* gift certificate, and an *ASO Recognition Lottery* ticket. *Thanks!* cards may also be issued whenever employees do a good job. Additionally, a *Thank You* balloon and photo of the delivery of the recognition may also be provided to employees who have gone the "extra mile." Articles about employees doing exceptional work may appear in one of ASO's newsletters.

Although not as frequently received as the *Thanks! You Made a Difference!* recognition, 23% of managers, 34% of supervisors, and 28% of non-supervisors who were surveyed report receiving the *Good Work! You Made Our Job Easier!* recognition during the past year. Eighty-four percent of those surveyed recommend that this form of recognition continue.

NON-MONETARY RECOGNITION

What is *The Unsung Hero Award* recognition?



Recognition Certificate

A third component of ASO's system is *The Unsung Hero Award*. *The Unsung Hero Award* recognition is given by a work group to recognize the accomplishments of an individual who might not otherwise be recognized. This recognition is designed for people in positions that ordinarily provide them with little visibility or chance to be recognized.

While authority for this recognition lies with the executive officer, nomination needs only a one paragraph write-up. During the organization-wide ceremony known as Recognition Day, the commanding officer presents *The Unsung Hero Award* certificate to each recipient, and a picture is taken. Recipients also receive a standing ovation from all those attending the ceremony. In addition, recipients are given an ASO gift certificate and an ASO lottery ticket. Lastly, the names of those being recognized are inscribed on a plaque for the Unsung Hero, which is displayed in the main entrance to the ASO, known as the *ASO Hall of Fame*.

Three percent of managers, nine percent of supervisors, and four percent of non-supervisors who were surveyed said they had received this type of recognition over the past year. Seventy-five percent of those surveyed recommend that this form of recognition continue.

What is the *Semi-annual Group/Team Recognition* for satisfying internal customers/suppliers?

**While individual
excellence is good,
an excellent team
is even better.**

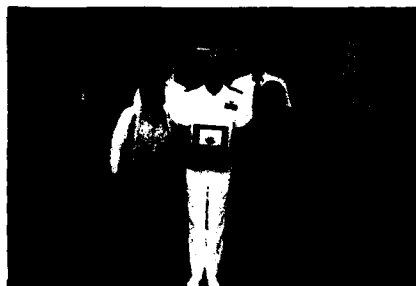
RADM James Eckelberger
Former ASO Commanding
Officer

A fourth component of ASO's system is the *Semi-annual Group/Team Recognition*. This recognition acknowledges a group's special efforts in satisfying internal customers and suppliers. Groups recognize others outside of their department, with the winners being announced on Recognition Day. Those groups receiving this form of recognition have their names inscribed on plaques designed by those giving the recognition. Winning groups also receive photographs of the presentation, a standing ovation, and their names and accomplishments listed in a Recognition Day Booklet that is distributed to all those attending Recognition Day.

Forty-seven percent of managers, 49% of supervisors, and 38% of non-supervisors who were surveyed received this type of recognition during the past year. Seventy-nine percent of those surveyed recommend that this form of recognition continue.

NON-MONETARY RECOGNITION

What is the Semi-annual Recognition Day ceremony?



Acknowledgment of employees
on Recognition Day.

Recognition Day is the fifth component of ASO's system. Twice annually, in the spring and again in the fall, the whole organization gets together for a celebration known as *Recognition Day*. This is a half-day ceremony that includes recognition of individuals and groups, entertainment, and refreshments. Those being recognized on this day are called on stage by the commanding officer, and receive a round of applause from all ASO employees assembled for the ceremony. Those attending *Recognition Day* receive a booklet listing who has been recognized and the reason for that recognition.

A committee of eight to ten ASO employees takes responsibility for organizing *Recognition Day*. The committee is usually formed about three months before the next *Recognition Day*. Typically, *Recognition Day* planning takes about an hour a week per person for two months, and about two hours a week per person for the month preceding the event. Of course, the committee chair spends much more time in the week or two just before *Recognition Day*. The costs for *Recognition Day* are planned for in ASO's annual budget and paid for out of operating funds (see 66 Comp. Gen. 536 (1987) (B-223 895)).

While the idea of having *Recognition Day* is popular at ASO, suggestions have been made on how the format could be changed to better meet employee needs. Based on this information, modifications have been made to the content, length, and rules for nominating groups for recognition. As a result, each *Recognition Day* has been a bit different in ASO's effort to constantly improve.

Recognition Day	
Events	All employees invited Outdoor entertainment Light refreshments served
Types of Recognition Delivered	Group/Team Recognition Unsung Hero Lottery

NON-MONETARY RECOGNITION

What are ASO Recognition Store gift certificates?

ASO Recognition Store	
Name _____	
Code _____	
Ext _____	
Take this to the ASO Recognition Store—Supply Room, Rm. 1200	

Gift Certificate

Gift certificates are the sixth component of ASO's system. The *ASO Recognition Store* gift certificates are coupons that can be exchanged for items at the ASO's own recognition store. These items are purchased by ASO for a nominal fee (see Federal Personnel Manual Supplement 451-1 for the guidelines on purchasing these items). Store items include baseball caps, lapel pins, cups, pens, key holders, notebooks, sweat bands, and plaques. All of the store items have either the ASO or the *Thanks! You Made a Difference* logo on them.

While many of the store items, such as coffee cups and notebooks, are very popular, 60% of those surveyed agreed that they would like to see a greater variety of gifts made available at the *ASO Recognition Store*. One reason for this may be that some people have been recognized more than once, thus leaving them with fewer items to choose from. At the ASO, a PAT selects new store items for the coming year. Costs for *ASO Recognition Store* items are planned for in ASO's annual budget and paid for out of operating funds.

What is the ASO Recognition Lottery*?

ASO Recognition Lottery	
Name _____	
Code _____	
Ext _____	
Put this in the ASO Recognition Lottery Container	

Lottery Ticket

The *ASO Recognition Lottery* is the seventh component of ASO's system of non-monetary recognition. Upon receipt of some types of recognition (e.g., *Thanks!*, *You Made A Difference!*, *The Unsung Hero Award*), the employee is given an *ASO Recognition Lottery* ticket. Those receiving lottery tickets as part of their recognition get to participate in the *ASO Recognition Lottery*; they complete the information on the lottery ticket and deposit it in the lottery drawing box prior to the semi-annual *Recognition Day* ceremonies.

Ten lottery tickets are then drawn on each *Recognition Day*. These winners may choose any one of a number of lottery prizes or any item from the *Recognition Store*. The prizes given in the ASO lottery are also changed annually.

People at the ASO really like the *ASO Recognition Lottery*. Seventy-one percent of those surveyed said they would recommend a lottery ticket as a form of recognition for a job well done.

*Note that ASO's lottery is not a true lottery, since no money is exchanged.

NON-MONETARY RECOGNITION

ASO Lottery Prizes	
Lunch with the CO	Use of CO's parking spot for a day
CO-for-a-day (attend CO meetings for the day)	Photo in the Hall of Fame for 6 months
Attendance at Executive Steering Committee meetings	Name on the command marquee board for a day
Reserved parking spot for 6 months	Hallway named after you for 6 months

What is the ASO Hall of Fame?

The *ASO Hall of Fame* is the last component of ASO's system. As has been described earlier, the *Semi-Annual Group/Team Recognition* plaques and *The Unsung Hero Award* plaques are displayed in the main hallway at ASO. The hallway is known as the *ASO Hall of Fame* and was designed to further recognize groups and individuals by having these plaques displayed for all to see. It demonstrates in a definite way the command's commitment to recognize ASO employees.

Are there any other ways to recognize people at ASO?

The ASO has also assembled a packet describing many of the different types of recognition that exist within the Federal Government (see Appendix B for a listing). People are encouraged to nominate others at ASO for these types of recognition, known as honorary awards at ASO. Almost all of these forms of recognition would be applicable to other DON organizations.

NON-MONETARY RECOGNITION

What are the pros and cons of ASO's recognition system?

The system has helped us move as a team.

Richard Fitzgerald
ASO Executive Director

The pros:

- The system is generally seen as more fair than the previous ASO system.
- Seventy-four percent of those surveyed agreed that the system acknowledges those not usually recognized by the old system.
- The system builds on the notion of teamwork through peer recognition. Over half of those surveyed agreed that the system encourages teamwork more than the old system did. In addition, the system is designed to improve internal customer/supplier relations.
- Aspects of this recognition system are very informal and spontaneous, so people can easily and quickly recognize others.
- People can be recognized as many times as deserved.

The cons:

- The non-monetary recognition system does not currently allow external customers and suppliers to provide recognition, although they may use the customary approach of a Letter of Appreciation.
- Some people in direct line operations feel their efforts are not sufficiently recognized.
- Recognition received is not formally acknowledged in one's personnel file.
- People express the desire to receive money along with recognition.

NON-MONETARY RECOGNITION

Recommendations from the ASO experience

It is great that this command has made a lot of people feel good about themselves.

An ASO Non-supervisory Employee

1. Design a system with numerous components for recognizing people, thus maximizing its effectiveness within your organization. A system like ASO's with multiple components is recommended.
2. Consider having a ceremony similar to ASO's Recognition Day, but tailor it to the preferences of the people in your organization.
3. Survey employees in your organization to obtain information on how they want to be recognized.
4. Make sure that you recognize both the giver and receiver of recognition on certificates, plaques, and in recognition ceremonies.
5. If you decide to have a recognition store or lottery, take time to assemble a number of different items from which people can choose. The General Services Administration catalog offers a variety of low-cost items.
6. Develop your non-monetary forms of recognition so they may be used by internal and external customers and suppliers.
7. Use all avenues possible to recognize your employees. A resource listing of additional forms of recognition is presented in Appendix B.

MONETARY AWARDS

Why did ASO change the way it gives monetary awards?

Many aspects of the current monetary awards system do not support TQL principles and practices. The Recognition Systems PAT summarized some of the problems with ASO's previous award system:

***The shared bonus
is the right
way to go...***

RADM James Davidson
ASO Commanding Officer

- Annual awards were heavily tied to performance appraisal ratings, which were commonly seen as unfair.
- The monetary awards system emphasized the individual, not teams.
- The criteria for earning a monetary award varied by department, job series, and grade level.
- Only a small percentage of employees received monetary awards.

How does the monetary awards system work for managers?

The Personnel Policies QMB developed the system whereby General Managers (GMs) could be awarded as a team instead of individually. The monetary award for GMs was designed to encourage teamwork in meeting ASO's corporate strategies. Emphasis is on the performance of the group, rather than on individuals. All awards are approved only if ASO's corporate strategies are achieved.

Current regulations (Office of Civilian Personnel Management Instruction 12540) stipulate the percentage of GM salaries to be set aside for monetary awards. Since most managers at ASO receive the same performance rating, the award money is usually split equally among all GM employees. This has historically resulted in about an \$800 bonus for each GM employee. One condition put upon receiving a monetary award is that GMs must have an annual performance rating of at least exceeds fully successful.

MONETARY AWARDS

How does the system work for supervisors and non-supervisors?

The Recognition Systems PAT was chartered by the Personnel Policies QMB in part to address the monetary awards process for supervisors and non-supervisors. Besides reviewing what other organizations were doing, the PAT collected historical statistics and found that only about a third of ASO employees were receiving any kind of monetary award.

The Recognition Systems PAT made a series of recommendations to the ESC, the most noteworthy being the "decoupling" of the cash awards from the annual performance appraisal. The PAT recommended that all supervisors and non-supervisors be awarded as a team, instead of individually, sharing the same size monetary award.

It's not that hard!

CAPT David Keller
ASO Comptroller

As is customary at most DON organizations, a pool of money is set aside for monetary awards at the beginning of the fiscal year. This award pool is calculated to deliver a \$200 award to all supervisors and non-supervisors. To receive the monetary award, an employee must have contributed to the achievement of the organization's goals and have a performance rating of at least fully successful. As with GMs, these awards are approved only if ASO's corporate strategies are achieved. This monetary award is distributed annually on the spring Recognition Day.

What paperwork is involved in delivering these monetary awards?

Delivery of organization-wide monetary awards requires two kinds of paperwork. The first involves the authorization of these awards as group special act awards (Civilian Personnel Instruction 451). ASO's Commanding Officer is authorized to issue special group act awards of up to \$10,000. To give an award to every qualified employee at the ASO, a number of these special group act awards are issued. By combining a number of people on a single Special Act award, the paperwork needed to issue monetary awards to all ASO employees is greatly reduced.

The second type of paperwork needed for these monetary awards involves completion of a Standard Form 50 (SF-50), Notification of Personnel Action, for everyone receiving an award. The bulk of the paperwork is in the issuing of these forms. Further, each

MONETARY AWARDS

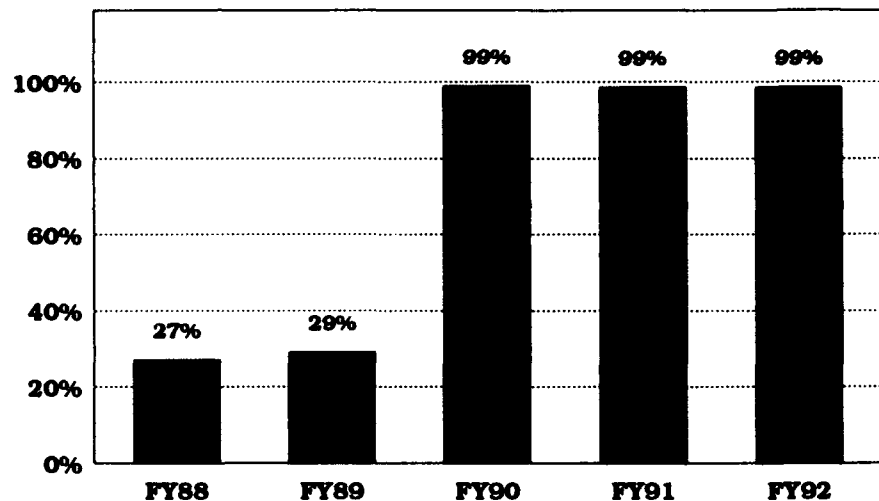
The group bonus sent a signal to the work force—we are serious about doing things differently.

Marvin Sandler
ASO TQL Coordinator

SF-50 has to be individually signed, which can be time-consuming because of the large number of forms. Finally, before distributing the awards, each SF-50 has to be matched to each award check.

Has this new system changed who and how many receive monetary awards?

Definitely so--ASO's new system has resulted in many more people receiving monetary awards. The percentage of people receiving a monetary award increased dramatically with the full implementation of the program in 1990.



Percentage of ASO employees receiving monetary awards.

What are the pros and cons of this award system?

The pros:

- The award system is designed to encourage teamwork and cooperation rather than competition.
- Many more people receive a monetary award now than did before the implementation of the current system.
- The system simplifies the process of determining who gets monetary awards.

MONETARY AWARDS

The cons:

- The current group award is usually a much lower dollar amount than that awarded to individuals in the past.
- Some supervisors expressed the frustration of not having a means through which to monetarily award their top performers.
- Some people believed that their individual efforts did not count and were diluted by the organization-wide monetary award.

Recommendations from the ASO Experience

1. Discuss major changes in your monetary award system with your headquarters command before it is implemented.
2. You should budget for the monetary awards at the beginning of the fiscal year to guarantee that there is money for the awards.
3. The monetary award should be as large as possible to have *maximum impact and reinforce behavior leading to process improvement.*
4. The monetary award needs to be tied to corporate strategies to further mission accomplishment and to encourage employees to focus on that mission.
5. Most people would like all ASO personnel--regardless of whether they are managers, supervisors, or non-supervisors--to share the same size award. If and when the regulations allow this, everyone in the organization should receive the same size monetary award, irrespective of position in the organization.
6. Employees should understand that taxes and other deductions will be taken out of their award checks. The award will amount to less money after these withdrawals.
7. It may be possible to pay additional monetary awards for savings on material costs. This would require the development of some kind of gain sharing system. However, such a system should be in addition to the annual award, not in place of it.
8. As is true with the development of any new system, union representatives should be involved from initial development to implementation.

***No one wants to go
back to the way it
was before.***

Edward Fuller
ASO First-level Supervisor

PERFORMANCE APPRAISAL

A View From the Top: GM Appraisal and Awards

Managers at ASO were enthusiastic about the GM portion of the appraisal and award system. Virtually all agreed that the system is more fair than the previous one, and that it encourages movement toward the corporate strategies.

The new management system has created an environment that promotes teamwork. With most managers getting the same rating and award, there is less tendency for one manager to push himself or herself forward at the expense of others. The absence of hard feelings after the appraisals are done is an extra bonus. No manager wanted to go back to the old system.

**The GM system is
substantially
better than before.**

CAPT Richard Robinson
ASO Executive Officer

Why did ASO change its performance appraisal system?

The ASO wanted to encourage teamwork, improve customer/supplier relations and organizational processes, and rally everyone around the organization's corporate strategies. The old performance appraisal system did not seem to emphasize and reinforce these goals, and focused on individual achievement regardless of team or organizational needs.

How has the ASO changed the performance appraisal system?

One of ASO's goals has been to neutralize the negative effects that typically occur every year at performance appraisal time, when a majority of the work force feel that they are rated at a level lower than deserved. Because of the limitation imposed by regulations, the ASO has not changed the performance appraisal system, but maximized the flexibility that does exist within the Alternate Performance Appraisal System (APAS) (Civilian Personnel Instruction 430).

The performance appraisal system at ASO is designed to translate ASO's corporate strategies into performance elements for all ASO employees. Like most other DON organizations employing civilians, the ASO has two sets of rules that apply to the performance appraisal situation--one for the General Managers (GMs), and another for the General Schedule (GS), Wage Grade (WG), and Wage Grade Supervisor (WS) employees.

How are GMs appraised?

The GM annual performance appraisal is based upon common critical and work plan elements, yearly accomplishment reports of self achievements, and a rating based on the achievement of corporate goals. The APAS format is used for all GMs. All GM performance appraisals have generic elements and standards, with work plan elements based on ASO's corporate strategies and a TQL orientation.

PERFORMANCE APPRAISAL

ASO Work Plan Elements for General Managers

Provide all customers, external and internal, with what they need, when and where they need it.

Obtain the right product from suppliers at the best schedule, cost, and quality.

Integrate logistics elements to provide customer support by the most creative, effective, and least cost methods.

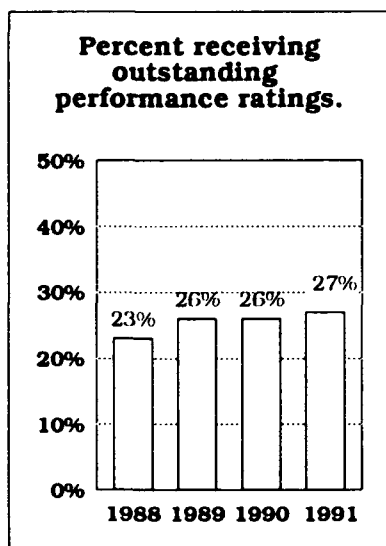
Provide a supportive working environment and a fulfilling work assignment for all ASO team members.

Continuously improve all aspects of our operations.

Contracting officers shall take action(s) to increase both prime contract and subcontract awards to Small Disadvantaged Businesses.

At the end of the appraisal period, each GM provides a report of accomplishment on each work plan element. These are then passed up through the chain of command, with recommended appraisal ratings, to the Performance Appraisal Review Officer (PARO). The PARO reviews the GM ratings and compares individual accomplishments against ASO corporate strategies. The emphasis is on appraising GMs as a top management team. In past years, almost all GMs have received the same performance appraisal rating.

How are GS/WG/WS people appraised?



The GS/WG/WS system also uses APAS to structure the performance appraisal process. Three to five work plan elements are developed for each employee. All GS/WG/WS work plans have one element that is designed to support TQL at the ASO. The other work plan elements are associated with the job being performed and are designed to be translations of the ASO's corporate strategies and GM work plan elements.

One major component of the GS/WG/WS performance appraisal system is that the monetary award has been "decoupled" from the performance appraisal rating. This is significant for it removes constraints on the number of outstanding ratings. In the past, the number was limited because of the fixed size of the monetary awards pool.

PERFORMANCE APPRAISAL

GS/WG/WS Work Plan Elements

One element focused on TQL

Customer satisfaction and process improvement

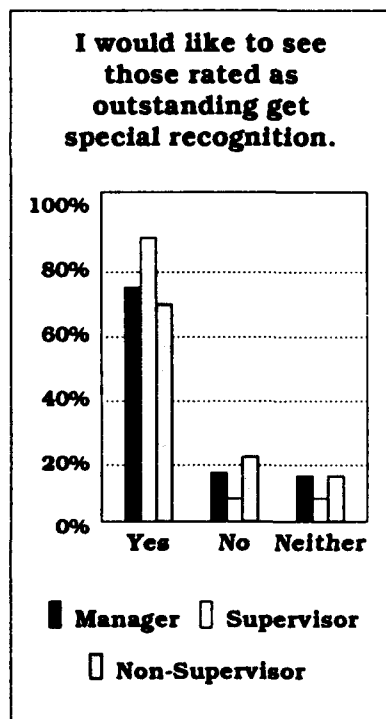
Other elements

Tied to corporate strategies and manager's objectives

Tied to employee's job responsibilities

What effect have these changes had on the ASO's performance appraisal systems?

In interviews with GMs, most were very positive about the new approach to performance appraisal. These top managers think that common work plan elements support a fairer approach to performance appraisal, promote teamwork, and focus GMs' attention on the organization's corporate strategies. The system seems to have had a large impact on the GMs, supporting a common vision of where the ASO needs to go, and how to work together as a team to get there.



The changes made to the GS/WG/WS system have had a lesser impact. Most of these employees feel that the system needs to go farther in supporting TQL. Some concern was expressed by members of this group that the work plan elements do not readily translate into actual on-the-job tasks. Many are still concerned about the fairness of the rating system. In addition, the issue of timely and useful feedback still needs to be addressed.

As is known at the ASO, it is difficult to design a system that is compatible with TQL within existing Federal regulations. Until we can change this system, which is mandated by the Congress and implemented by civilian personnel regulations, we must operate within these regulations.

While it is not suggested that those rated as outstanding receive additional monetary awards, they need to receive some form of additional recognition. This might be accomplished by recognizing those rated as outstanding with special plaques, newspaper articles about their achievements, or certain privileges, such as a reserved parking space.

PERFORMANCE APPRAISAL

What are the pros and cons of ASO's appraisal system?

The pros:

- The system has helped GMs come together as a team and work toward a common vision.
- The system links work plan elements at all levels of the organization.
- Work plan elements for all ASO employees incorporate the ideas of customer satisfaction and process improvement in support of TQL implementation in the organization.
- By "decoupling" the appraisal rating from the monetary award for GS/WG/WSs, supervisors may now give outstanding ratings to *all* those employees who deserve it.

The cons:

- The problems inherent in a subjective rating of performance have not changed.
- The issue of timely and useful feedback still needs to be addressed.
- Common work plan elements may be so general that employees are not sure how they translate into their day-to-day job tasks.

The most important words in your supervisory repertoire are 'You did a good job.'

CAPT Richard Robinson
ASO Executive Officer

PERFORMANCE APPRAISAL

Recommendations from the ASO experience

1. Work plan elements in employees' performance appraisals must be tied to the command's mission, vision, and corporate strategies.
2. Work plan elements need to be written so they relate specifically to an employee's job.
3. Those receiving an outstanding performance rating should also be recognized above and beyond what is given to those receiving lower ratings.
4. A method should be developed to provide employees with performance feedback on a more timely basis and in a format that is useful to them in improving their performance. The nature of this system may differ across organizations and between individuals within an organization.
5. Supervisors need to understand their role in the TQL transformation process--that is, to remove barriers and provide timely feedback so that employees will have the greatest chance of doing their best.

***People have a desire
to know they are
part of a team,
but have unique
capabilities.***

Don Factor
ASO Manager

GETTING STARTED

How does an organization get started?

One way to get a feel for how to develop new systems such as those described in this Primer is to review the major steps ASO took in the development and implementation of its systems.

***The system's a
step in the right
direction, and it's
supportive of TQL.***

Jerry Leibman
AFGE Local Union President

Major Steps in ASO's Development Efforts

ASO developed strategic plan (May 1988)
Developed new performance appraisal (PA) system for GMs (June 1988)
GMs voted on accepting new PA system (June 1988)
Implemented APAS common work plan for all GMs (July 1988)
ASO ESC formed (December 1988)
ESC chartered Personnel Policies QMB (December 1988)
Personnel Policies QMB chartered Recognition Systems PAT (December 1988)
PAT first meeting (February 1989)
PAT briefed Personnel Policies QMB on progress (August 1989)
Publication of ASO strategic plan (September 1989)
PAT survey sent to all employees (December 1989)
PAT survey results and recommendations briefed to ESC (February 1990)
CO met with PAT for brainstorming sessions (March 1990)
PAT recognition and awards systems approved (March 1990)
Personnel trained work force on new recognition system (April 1990)
Paperwork completed for first organization-wide GS/WG/WS monetary award (April 1990)
First Recognition Day ceremony and distribution of the monetary award (May 1990)
Personnel Policies QMB implemented the GS/WG/WS PA system (July 1990)
Update of ASO strategic plan (June 1991)

GETTING STARTED

What are the first steps to take?

For TQL organizations, the first step might be for your ESC to form a QMB to oversee the development of systems for employee non-monetary recognition, monetary awards, and performance appraisal. The QMB needs to have a charter describing, in as much detail as possible, its mission, responsibilities, resources, and timeline. The QMB can then organize PATs as needed to carry out the development and implementation of new personnel management systems.

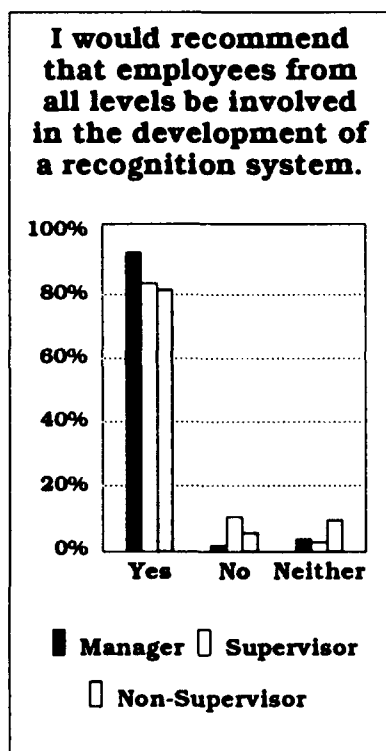
Who needs to be involved in the development and implementation of a new personnel management system?

Care should be taken to have representation of most departments and grades in each group chartered to address personnel management systems. By having a range of representatives on the team, employees are more likely to feel their interests and concerns are being considered. This, then, results in greater acceptance and support of new systems that are proposed. Lastly, involve your comptroller in the development of the monetary awards system.

It is important to note that many of the changes implemented at ASO may be negotiable with the unions at your activity, should you wish to design a similar system. Experience has shown that when unions are involved early in the change process, and given assurance that their bargaining rights will not be compromised by participating, they are far more willing to buy into the system. Union representation on any PAT or QMB responsible for the development of new approaches to performance management, would be an excellent way of making sure that there will be no surprises when you go to implement your change effort.

It is also important to work closely with the chartered teams. Stay in touch with their work efforts and decisions. Make sure there is a linking pin between teams at different levels.

The more your organization's work force is involved throughout the development and implementation process, the more likely that the system will meet their needs. It is possible to involve the work force through surveys, an employee suggestion system, and group meetings and discussions.



Are there a few general rules to follow when developing systems like ASO's?

- Start at the top--just like your TQL efforts, changes in the way you manage people must start with your top leadership.
- Use your strategic plan and objectives as a guide. Make sure your systems support each other, that you are working toward common goals, and that you are providing employees with feedback concerning progress towards these goals.
- Use a phased approach. Do not try to develop and implement too many changes at once. You may want to follow an approach similar to ASO's, where you focus first on recognition, then financial awards, then performance appraisal. Or you may want to start with the performance appraisal system, first among your GMs, and then the rest of the work force, and subsequently address financial awards and recognition.
- Recognize the importance of your first-line supervisors--they need to be committed to these new systems to make them really work.
- Provide all employees with training on your new systems, along with written materials describing the procedures. Make sure all new employees also receive this training and the written materials.
- Consider who will be responsible for managing the system, how formal the management system should be, and the measures needed to manage the system.
- Remember there is a need to strike a balance between bureaucracy that must manage the system and the need for the system's spontaneity and innovation.
- Evaluate your efforts to make sure the systems you develop and implement have the intended effect. If not, make changes to them to improve their effectiveness.

After the system has been in place for a year, take a pulse.

Donna Gruber
ASO Manager

GETTING STARTED

***You have to have
buy-in to make
radical changes.***

Sandy Leggieri
ASO Manager

What's next for ASO?

The ASO can serve as a model for other DON organizations that are initially looking at how to modify personnel management systems to support a TQL management approach. The ASO has taken a giant leap forward in designing systems that build upon its strategic plan and support a TQL philosophy. They realize the importance of the work force in the TQL transformation process, and are seeking to empower their people through the systems described in this Primer. But the ASO is hardly an organization that is going to stop here--it seeks to use feedback and evaluation results to enhance its systems, and continuously improve the way it recognizes, awards, and appraises its people.

Who at the ASO can I contact for more information?

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How do I get more copies of this document?

The ASO, located in Philadelphia, PA, will distribute copies of this Primer, along with other DON TQL materials. The stock number for this document is 0120-LF-021-1300. You may order more copies of this primer using the MILSTRIP format, via AUTODIN (Automatic Digital Network), with the letters "NFZ" appearing in record positions 4-6 (RIC field). Contact your supply personnel for assistance. The employees in the ASO Naval Pubs and Forms Directorate can also help with this process. They can be reached at (215) 697-2261, 697-5655. Their DSN prefix is 442.

ABOUT THE PEOPLE AT ASO



We, the authors would like to extend our appreciation to all the people at ASO who made this Primer possible. We would like to thank ASO's Commanding Officer, RADM Davidson, for his support of this effort and access to people at ASO. We also thank CAPT Robinson, ASO's Executive Officer, who provided leadership in decision-making, along with publicizing and supporting the project. We also thank Mr. Fitzgerald, ASO's Executive Director, who shared with us his recommendations and vision of ASO's future.

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ABOUT THE PEOPLE AT ASO

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NPRDC's mission is to conduct research and development (R&D) to improve the performance of individuals, teams, and organizations within the Navy and Marine Corps. NPRDC's vision is to be recognized throughout the military and scientific communities as the preeminent research and development activity in the areas of manpower, personnel, training, and organizational systems.

APPENDIX A

STRATEGY 1-- EMPOWERMENT OF THE ASO WORK FORCE

The following information from the ASO's five-year strategic plan is provided to serve as an example of how your organization might develop a strategic goal focusing on empowerment of your work force. The information presented here summarizes one of ASO's strategies for transitioning to a new way of doing business: Empowerment of ASO work force. This is not a reproduction of the complete description of this strategy; see the ASO Strategic Plan: 1991-1996 for more information.

Overview*

To achieve our vision of the future--what ASO can be five years from now--we must accomplish continuous improvements in all major functional areas. The people of ASO represent our primary resource for better performance; more than ever, their talent, know-how and commitment to excellence will be relied upon to drive improvement. And the change process is the vehicle we will use. To improve, we must reshape our business processes, gain new skills and apply new knowledge. Perhaps even more difficult, we need to change our attitudes and behavior patterns in the work place.

Modifying our attitudes and behavior at all levels in the ASO organization is a real challenge. Experience tells us it can be painful to change at the personal level. But we must do it if we are to take advantage of our individual abilities, which constitute an unlimited pool of resources not constrained by the budget. We need to alter the traditional beliefs and practices regarding the supervisor's role and the degree of authority that a worker has.

In ASO, we must create a climate and provide the tools that will encourage and assist employees to expand their power and authority to analyze work situations, make a decision, and act on it. With greater power to make changes in the hands of the work force, we can look forward to the growth of a feeling of ownership. We can foster these teamwork and leadership

*The following is adapted from ASO Strategic Plan: 1991-1996, Naval Aviation Supply Office, Philadelphia, Pennsylvania.

STRATEGY 1-- EMPOWERMENT OF THE ASO WORK FORCE

attitudes through our TQL structure by increasing the range of training opportunities and through innovative personnel recognition systems that reward achievement. With everyone having a personal, day-to-day interest and involvement in the outcome of our business, ASO will continue as the best Inventory Control Point in the world.

Our corporate management focus will encourage supervisors and their teams to jointly identify and systematically eliminate barriers to empowerment. We will reinforce the awareness of management members that they must personally change if the work force is to become empowered. They must be willing to depart from their traditional view of themselves as directors and controllers. Instead, supervisors must help workers to become responsible for the work product using their own expertise. Within this framework, the supervisors continue to exercise basic responsibilities and coordinate teamwork. But now, their role will include planning the work and checking on performance as the work occurs, acting as facilitators to help workers use their highest skills.

The ASO Management Credo

These are the principles that will be followed by supervisors and managers in their roles as coaches and facilitators of the members of their groups.

- By providing positive assistance and incentives, I will reinforce in our team the behavior and actions that improve quality.
- I will earnestly solicit ideas from our team about ways to achieve better quality.
- I will uncover problems and issues faced by our team members in every group for which I act as a facilitator.
- I will stimulate initiative, ingenuity and creativity among my people, including expanded authority to make final decisions on issues on which they are experts.
- I will ask for members' inputs, based on their own knowledge, prior to making a decision that must be made at my level.
- I will treat all people with personal and professional respect.

STRATEGY 1-- EMPOWERMENT OF THE ASO WORK FORCE

Strategic Objectives

1.1 ASO supervisors and higher-level managers will transform from their traditional management role and act more broadly as coaches and facilitators to their people, who will thus become empowered.

Supervisors and managers will put the ASO Management Credo into everyday practice. They will determine and carry out actions which make visible their commitment to change and empowerment. Ideas for such actions will be shared at multiple levels, such as the Executive Steering Committee, Quality Improvement Councils, and Employee Involvement Groups. Changes in supervisory behavior will be measured and training for specific improvement will be applied.

1.2 Training will play a larger part in helping supervisors and managers to transform their leadership roles; and, helping the work force to gain empowered authority.

Leadership training will be available for each supervisor, manager and team leader. Group dynamics training to facilitate team activity will be available to all ASO personnel. A "Help Desk" concept will be used, making available to supervisors and TQL groups upon their request the assistance and support of in-house experts who will reinforce the on-the-job application of learned skills; these include topics such as: attaining familiarity with end-user computing; broadening expertise in the use of telecommunications to link separate databases; use of mathematical models, expert systems, artificial intelligence and statistical process control and continuous improvement in our TQL environment. Personnel will have the opportunity to apply for cross-assignment to designated journeyman positions in another discipline; such long-term assignments will broaden decision-making capability and subject matter knowledge. The mentoring program will be expanded to cover entry-level trainees.

1.3 ASO will remove barriers to the empowerment of personnel.

There will be specific programs to help supervisors and managers, in conjunction with employees, identify decisions currently made at their higher levels which should be made at the working level. Self-managed interdepartmental work groups will be formed to carry out selected work processes where it has been determined that significant benefits will be achieved as a result of the members themselves making all the

STRATEGY 1-- EMPOWERMENT OF THE ASO WORK FORCE

decisions and managing their own group. Regulations under ASO control will be changed as needed to expand employees' power. Through empowerment, personnel are expected to improve their processes and satisfy their customers' requirements.

1.4 ASO employees will be recognized, rewarded and thanked on a team basis, as well as individually, for suggestions and actions that improve processes and satisfy ASO customers.

Innovations in, and strengthening of, systems for recognition and reward will occur. Suggestions and ideas will be encouraged and addressed in a timely and responsive manner. Gain sharing programs will be used to reward team accomplishments, with a portion of savings that are realized being distributed to ASO personnel. New forms of recognition and reward permitted under recent legislation will be used. Credit will be given in promotion plans to recognize and reward the coaching/facilitating role of supervisors and managers as well as the cross-assignment experience of journeymen.

1.5 ASO will further improve its physical facilities to achieve an environment that motivates employees to improve productivity.

Modern work stations and adequate meeting rooms will be provided. Restrooms and computer facilities will be upgraded. There will be collocation of process-related work groups. Facilities will be provided for groups of personnel engaged in self-help, social and recreational activities centered around the work place. Requirements for facilities maintenance will be fulfilled on a timely basis. An ASO Support Services Center, open to civilian and military personnel, will be established to house a variety of recreational and social services. Work force satisfaction with the work environment will be measured annually as a basis for defining further improvements.

APPENDIX B

A RESOURCE LISTING OF ADDITIONAL FORMS OF RECOGNITION*

There are many additional forms of recognition available within the Department of Navy (DON), some are listed below. Most of them are designed for Navy civilians. Please see the Navy and Marine Corps Awards Manual (SECNAVINST 1650.1F) for suggestions on how to recognize military members.

Honorary Recognition and Eligibility

- DON Meritorious Civilian Service Award (accomplishments--command level)
- DON Superior Civilian Service Award (accomplishments--HQ command level)
- DON Distinguished Civilian Service Award (accomplishments--Navy-wide)

Private Citizen Awards

- DON Certificate of Merit (private citizens--contractors)
- DON Certificate for Distinguished Public Service (private citizens)

Executive Leadership Awards

- Senior Executives Association Professional Development League (significant contributions improving efficiency, effectiveness and productivity) (SES members only)
- Federal Executive Institute Alumni Association Executive of the Year Award (extraordinary achievement in executive management and leadership) (civilians)
- Roger W. Jones Award for Executive Leadership (career executives/managers) (civilians)

*Adapted from the listing prepared by the ASO Employee Relations Division and the Public Affairs Office.

A RESOURCE LISTING OF ADDITIONAL FORMS OF RECOGNITION

Financial Management Awards

- Association of Government Accountants Achievement of the Year Award (improved management control techniques)
- Association of Government Accountants Distinguished Leadership Award (sustained leadership over a period of years)
- Association of Government Accountants National Education and Training Award (development/presentation of education/training sessions on Government financial management)
- Awards for Distinction in Cash and Credit Management
- Donald L. Scantlebury Memorial Award (senior financial management)
- Outstanding Performance in Comptrollership

General Awards

- Federal Executive Board (FEB) Annual Awards (Economy in Government Operations, Technical Accomplishment, Outstanding Performers (various categories), Improved Federal Image, Heroism, Community Service, Private Sector Involvement, Special Accomplishment (overcoming hardship due to disability), Total Quality Management, Non-Supervisory Rookie of the Year, Supervisory Rookie of the Year, Manager of the Year)
- Secretary of Defense Superior Management Award
- Outstanding Federal Employees with Disabilities
- C. Jared Ingersoll Liberty Bell Patriots Award (Mid grade--younger than 40--for research, design, development, production and logistical support)
- Henry S. Rothrock Distinguished Service Award (Senior grade--older than 40--for substantial history of service and contributions to defense preparedness)
- MTMC Annual Award for Excellence in Traffic Management
- GSA Award for Excellence in Administration
- Quality Improvement Prototype Award (activity award)

A RESOURCE LISTING OF ADDITIONAL FORMS OF RECOGNITION

- Customer Service Honor Roll (customer service to military and dependents)
- Secretary of Defense Productivity Excellence Awards (1st year cost savings of \$100,000 to \$1,000,000)
- DON Procurement Competition Award
- President's Volunteer Action Awards
- Bronze Hammer Awards (activity recognition for enhancements such as: habitability of BOQ, improvement of personnel support, welfare and recreational facilities)
- Federal Women's Program Managers Council--Woman of the Year Award
- Worklife Excellence Award (activity award for programs that create professional development, job enrichment, career motivation, personnel retention and command productivity)

Personnel Administration Awards

- Warner W. Stockberger Award (personnel administration, distinguished teaching)
- International Personnel Management Association--All Star Team Award (personnel administration program)
- Board of Governor Award for Excellence in Civilian Personnel/EEO Management (civilian)
- Excellence in Staffing Award
- Training Officers Conference Distinguished Service Awards (significant contributions in fields of training and human resource development)

Public Administration Awards

- Presidential Quality and Management Improvement Award (Savings of \$250,000 or more or corresponding intangible savings; nominees must have prior activity recognition)
- Excalibur Award (leadership/administration/public service for substantial savings/courage/imagination and initiative concerning a specific achievement impacting agency and public)

A RESOURCE LISTING OF ADDITIONAL FORMS OF RECOGNITION

- Congressional Award for Exemplary Service to the Public (Encourages responsive attitude toward public; courtesy throughout government)
- Bryce-Harlow Business-Government Relations Award
- National Public Service Award (highest standard of excellence, dedication and accomplishment) (civilian)
- RADM William Thompson Awards for Excellence in Public Affairs
- Arthur S. Fleming Award (outstanding/Meritorious government work, younger than 40 before 1 Jan of the next year and has 36 months of government service)
- Common Cause Public Service Achievement Award (government performance and integrity)
- William A. Jump Award (civilians younger than 37, personnel administration, budgetary and financial administration, administrative analysis, management and administrative planning, executive planning and direction of programs) (civilians)
- Public Service Excellence Awards Program (activity award)

Scientific/Technical Awards

- Society of Logistics Engineers (SOLE)
- Information Resources Management Awards (executive/technical /management/administrative excellence)
- Everett O. Aldredge Award (outstanding contributions and continuing contributions in the field of records management)
- GEICO Public Service Awards (fire prevention/safety, traffic safety/accident prevention, physical rehabilitation, substance abuse prevention/treatment) (civilian)
- Federal Engineer of the Year Award (recent retirees also eligible)
- Allen T. Waterman Award (younger than 35 or not more than five years beyond receipt of Ph.D by 31 December) (mathematical, engineering)
- WISE Award for Women Scientists/Engineers (scientific/engineering achievements)
- WISE Lifetime Achievement Award for women (20 years Federal service)